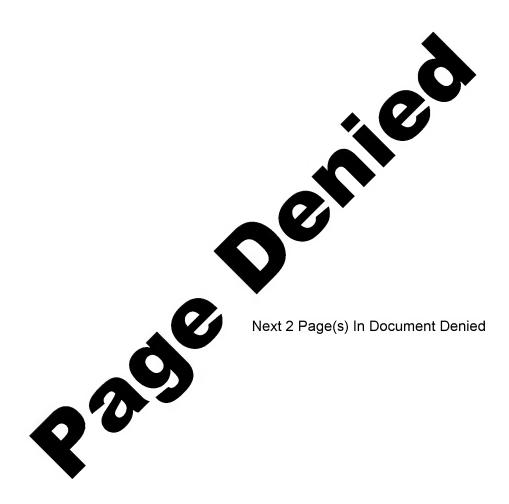
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THE ROLE OF ITALY IN THE TRANSFER OF TECHNOLOGY TO THE SOVIET UNION AND EASTERN EUROPE

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Summary and Conclusions

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Soviet and East European access to Western high technology through Italy for the most part occurs through traditional business activities. Italy's commercial relationships with the Soviet Bloc are well-established, actively promoted, and considered important to its economic welfare. The opportunities for acquisitions of strategic technologies are perhaps fewer than in France or West Germany because of Italy's less advanced technological base, but the infusion of US technology and equipment along with the indigenous capabilities in a few select areas have warranted the attention of the Soviet Union and Eastern Europe. However, the likelihood of Soviet technology acquisitions through Italy is perhaps greater than the evidence shows to date.

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Italy is a net importer of technology and is

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5-10 years behind other Western countries in moving to a high-technology industrial structure. Nevertheless, unique indigenous capabilities have been identified in a few Italian firms. The Soviet Union and Eastern Europe are known to concentrate their acquisition efforts in these select technological areas of the few select Italian firms which have established a reputation of excellence: machine tools and automated manufacturing, electronic components and semiconductors, telecommunications. advanced materials, and chemical processing.

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Incidents of transfers of equipment for military application from Italy have been few.

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There are numerous examples of dualuse equipment being transferred from Italy to the Bloc, but it is difficult to assess these in terms of strategic value, since factors affecting that determination may be unknown such as the end user of the items and the equipment's technical specifications or configuration. Moreover, individual sales may be legal in that the equipment embodies less advanced technology, but these transactions may strengthen the general industrial base.

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Numerically controlled machine tools, advanced machining centers and robots constitute the largest grouping of technologies transferred from Italy to the Soviet Bloc; the Soviet automobile industry has been the chief beneficiary. Evidently, Soviet recognition of Italian excellence in this field has motivated them to place 60 technicians in the design center of an acknowledged industry leader, Comau, a subsidiary of

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t. Other firms have licensed their technology to the USSR, perate in personnel exchanges, and hold symposia.	
Italian transfers of advanced electronics technology and ipment are more limited but are, nevertheless, important rces of technology. Semiconductor raw materials, production ipment and integrated circuits have all been sold by Italians to the Soviet Union and Eastern Europe. Italian-made	on an
puters and software are also of primary interest.	
The Soviet Union has sought a variety of other technologi	
Italy such as telecommunications, computer data base service advanced materials for several years.	ces,
In Italy as elsewhere, acquisitions of technology are	
omplished through a variety of mechanisms. Most of the nsfers occur through trade both legal and illegal succommercial exchanges, direct sales to the Communist countri	ch
the use of wholly-owned Bloc firms, mixed firms or joint tures. Another primary mechanism is the use of Soviet Bloc	:
ividuals as technology collectors Intelligence officers.g-term TDYers and other commercial representatives.	•
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Rome seems to agree that export controls and COCOM are important, yet Italy brings relatively fewer cases for COCOM licensing approval than other member countries. This suggests three possibilities: Italy's trade with proscribed nations is primarily in non-COCOM-controlled items, firms are selling goods without applying for export licenses from Rome, or Italian officials are approving sales without the benefit of COCOM review.

The existence of high-technology industries, a sizable Soviet presence, and a seeming lack of governmental control over exports, unite to create a situation in which technology losses could easily occur. Additional factors present a stronger case for potential technology transfers: an historical commercial relationship with the Soviet Bloc, the need to reduce a trade deficit with the USSR, and worldwide competition and pressure to find new markets for advanced technology products. examples of strategic goods being acquired from Italy and evidence that suggests that Rome may not necessarily be concerned with controlling this flow. Resources have not been allocated to the enforcement agencies that control illegal exports and the prevailing laissez-faire attitude towards dual-use items would not suggest any future changes. As Italy upgrades its technology base, it is likely that there will be more losses to Soviet Union and Eastern Europe.

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